UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
LIMITED

TD/B(S-XVII)/WG.II/L.1
24 January 1992

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Seventeenth special session
Second part
Geneva, 15 January 1992

UNCTAD VIII

Substantive preparations for the eighth session of the United Nations Conference on Trade and Development

Part IV: POLICIES AND MEASURES */

A. Resources for development
B. International trade
C. Strengthening the technological capacities of developing countries
D. Services

*/ Revised text of document TD/B(S-XVII/CRP.4/Add.4 by Working Group II

GE.92-50290

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## Part IV

## POLICIES AND MEASURES

[1. Issues and policies in the areas of finance, trade, commodities, technology and services interlink in a variety of ways. Some of these interlinkages are long-standing. High interest rates and the fall in commodity prices have reduced the capacity of many countries to service debt. Similarly, that capacity has been affected by the recent growth of protectionism in the industrial countries. All three factors - debt, the depressed levels of commodity prices and increased protectionism - have had a bearing on the import capacity of developing countries. This in turn has slowed the pace of investment and retarded the acquisition of new technology embodied in imported capital goods, thereby impeding the efforts of developing countries to adapt their export capacities to the exigencies of a changing world economy.

2. Other interlinkages, though present for some time, have only recently become prominent. A case in point has been the interplay between trade, investment, technology and services, which has been enhanced by the recent advances in technology. The dynamic interaction of these factors is having an important impact on the competitiveness of national economies and on their fortunes in the world economy.

3. Policies and measures, at the national and international levels, in the interrelated fields of resources for development, international trade, technology, services and commodities, to accelerate the development process are outlined below. The full significance of these policies should be assessed in an integrated and comprehensive manner, in the light of the new spirit of partnership in development, calling for a reinvigoration of the development dialogue. The Conference agrees that Governments should provide for specific operational mechanisms to ensure the effective implementation of decisions taken.]

A. Resources for development

[1. Assessment[1/]

4. The acute external difficulties faced by developing countries in the 1980s have heightened the importance of mobilizing domestic resources and of allocating and utilizing them to maximum effect. In most developing countries a substantial increase in overall savings is probably not feasible in the absence of improved growth. There is, however, considerable room for improving the way savings are allocated and utilized, and reversing capital flight, this should in turn contribute to growth and hence to raising the propensity to save.

5. While the primary source of development finance has been, and will remain, the savings efforts of developing countries, increasing amounts of external financing will be needed to supplement those efforts. Private financial flows dwindled in the 1980s and are not likely to revive on a major scale in the coming years. Meeting the external finance requirements of developing countries depends therefore on finding a solution to the debt crisis and on stronger mobilization of official external resources.

6. The international debt strategy has evolved considerably since UNCTAD VII. Recent improvements in this strategy, such as the Brady plan, the Toronto agreement on Paris Club reschedulings and the Enterprise for the Americas Initiative, included debt and debt service reductions as a central element. However, the debt crisis is far from resolved. Current strategies fall short of what is required in terms of percentages of debt reduction and debt refinancing, coverage of beneficiary debtor countries and of types of debt (official bilateral or multilateral and commercial) and economic criteria to assess relief needs.

7. Despite a recent upturn in net external resource flows to developing countries, resource flows in real terms still remain well below the level prevailing in the early 1980s. A growing proportion of

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1/ It was agreed that the paragraphs on assessment would be put aside and not discussed until an agreement was reached on whether or not to include elements of assessment in Part IV. It should be noted that some delegations have submitted written proposals on the assessment paragraphs

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external assistance carried macroeconomic and structural policy conditions which did not always take due account of the specificity of the economic needs and situations of developing countries. As a result of inadequate financial support, there was a backsliding in areas such as food security, poverty reduction, human resource development, infrastructure investment and environmental conservation. Redressing this situation requires an additional financial effort in the 1990s.

8. On the other hand, there has been notable progress in the mobilization of international finance for the protection of the environment. Agreements have already been reached to provide funding for the Interim Multilateral Fund to assist countries signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer, and for the establishment of the Global Environmental Facility to provide grants or concessional loans to developing countries in four areas: limiting emissions of greenhouse-effect gases, protecting international waters, preserving biological diversity, and protecting the earth's ozone layer.]

2. Measures and action

[(a) National policies

9. The Conference agrees that developing countries should deploy sustained efforts to mobilize domestic savings for investment and growth. It emphasizes that a major part of such efforts should be the achievement of macroeconomic stability and predictability, which in turn requires increased monetary control and greater financial discipline. It notes, however, that monetary policy should not be overburdened, and that use of a wider gamut of policy instruments, in particular a judicious combination of fiscal and monetary [and prices and income] policies, is needed.

10. Financial liberalization should be accompanied by appropriate institutional reform and [vigorous supervisory and prudential arrangements, and] it should be introduced in a context of macroeconomic stability, and proceed in a manner compatible with the competitiveness and institutional development of capital markets. Liberalization in

these circumstances can help to maximize the contribution of the financial sector to economic development.

11. The Conference agrees that an economically efficient and institutionally strengthened public sector is essential for restoring growth in developing countries. Public sector reform is in particular a prerequisite for the improved mobilization and use of savings. Fiscal reform should be introduced with the aims of rationalizing and simplifying the taxation system, with due account being taken of the revenue, equity and incentive aspects of the taxation system, protecting government revenues from erosion by inflation and strengthening tax administration, [as well as eliminating wasteful outlays, including excessive military spending, and targeting expenditures more clearly on development objectives.]

[A proposal was made to position paragraph 14 here.]

12. The Conference notes the growing recognition that reform of state economic enterprises would contribute to an increase in savings and investment in developing countries. Privatization is an option and, accompanied by an effective regulatory framework to foster competition and efficiency, should play an important role. The Conference notes that many member countries have adopted privatization programmes, and encourages officials responsible for these programmes to share their experience and expertise.

13. The considerable efforts made by developing countries to improve their policy and regulatory environment so as to attract foreign direct investment (FDI), the return of flight capital and other non-debt-creating financial flows should be further strengthened. A favourable environment for foreign direct investment also requires appropriate policies to sustain economic development and to encourage the expansion of internal market opportunities and export activities.

14. The Conference reiterates the importance of giving high priority to the development of human resources, especially with regard to women, and the provision of basic public goods, including investment in infrastructure, as well as social services.

15. The Conference also reiterates the need for developed countries to implement necessary adjustment measures with a view to bringing about a more favourable international economic environment which would help stimulate economic growth in developing countries. Developed countries should take steps to reduce external and fiscal imbalances, [in particular through the reduction of wasteful outlays, including excessive military expenditure.] A large proportion of the resulting savings should be channelled to developing countries. Developed countries should also adopt appropriate mixes of fiscal and monetary policies conducive to a decline in interest rates consistent with price stability and an increased stability of exchange rates, co-ordinating these policies as required.]

[(a) National policies and external environment

9. The Conference agrees that sustained efforts should be deployed to mobilize domestic savings for investment in developing countries and for growth.

10. The Conference reiterates the importance of giving the necessary priority to the development of human resources, especially with regard to women, and the provision of basic public goods, including investment in infrastructure, as well as social services. It recognizes, however, that developing countries' efforts in this area have been undermined by many factors, including a worsening of their economic situation and the consequent shortage of investible resources, as well as cuts in public expenditures on health, education and other basic social services in the context of structural adjustment programmes.

11. The Conference therefore calls upon the international community to assist developing countries in their efforts to enhance the mobilization of domestic resources, and reiterates the need for developed countries to implement necessary adjustment measures with a view to bringing about a more favourable international economic environment which would help stimulate economic growth in developing countries. Developed countries should take steps to reduce external and fiscal imbalances in order to increase domestic savings, adopt an appropriate mix of fiscal and

monetary policies conducive to a decline in interest rates, and ensure effective policy co-ordination to promote the stability of exchange markets.

12. The Conference also stresses the importance of national policies that promote foreign direct investment (FDI) and other non-debt-creating financial flows to developing countries, and recommended that, to this end, innovative incentives and promotional measures be adopted by developed countries and the World Bank Group.

13. The Conference recognizes in this regard the importance of a favourable environment for foreign direct investment, which encompasses appropriate policies to sustain economic development and to encourage the expansion of internal market opportunities and export activities.

14. The Conference also recognizes that the achievement of macroeconomic stability and predictability is closely linked to monetary control and greater financial discipline. It notes, however, that monetary policy should not be overburdened, and that a judicious combination of fiscal, monetary and prices-and-income policies is usually needed.

15. Financial liberalization should be accompanied by appropriate institutional reform and vigorous supervisory and prudential arrangements, and it should be introduced after macroeconomic stability, competitiveness and institutional development, notably of capital markets, are well advanced.

15bis. Privatization could play an important role, provided it is understood that it does not by itself increase the level of savings and investment, and that it should be accompanied by an effective regulatory framework to foster competition and prevent the emergence of private monopolies.]

(b) International policies

(i) Debt

16. [Creditor countries should support measures that afford more debt relief in terms of a higher percentage of debt reductions to highly indebted countries adopting sound economic policies.]

[Creditor countries reaffirm their commitment to the international debt strategy. The international community should continue to provide support, including, on a case by case basis, further debt relief, for countries implementing strong economic reform programmes.]

[A durable solution to the debt crisis should bring more debt relief in terms of higher percentages of debt reductions and, where applicable, refinancing as well as comprehensive coverage of beneficiary debtor countries, including official bilateral and multilateral and commercial debt.]

17. [The Conference agreed that, in regard to the external debt incurred with commercial banks, the present strategy needs to be substantially strengthened, through inter alia:

(a) agreement on the systematic use of authoritative estimates of the debtor country's debt reduction and cash flow needs as a basis for negotiations with creditor commercial banks;

(b) exploration by developed-country Governments of the possibility of granting [tax] incentives to creditor banks to put forward plans for debt and debt-service reductions;

(c) the provision of additional funds to multilateral financial institutions and regional development banks to cover increases in their financial support for debt reductions;

(d) extension of debt and debt-service reduction on an appropriate scale to additional eligible countries;

(e) serious consideration by developed countries of the possible establishment of an international debt facility;]

(f) [developed countries, commercial banks and multilateral financial institutions putting in motion machinery to prevent and reverse the occurrence of net negative transfers of resources and refrain from adopting macro-economic policies which encourage capital flight from developing countries;]

(g) [pursuing effective solutions of the debt problems of severely indebted non-restructuring countries.]

[The Conference recognized, in regard to the external debt incurred with commercial banks, the progress being made under the strengthened debt strategy. Some countries have already benefited from the combination of strong adjustment with commercial bank debt reduction or equivalent measures. The Conference wishes to encourage:

(a) other countries with heavy debts to banks to negotiate similar commercial bank debt reduction packages with their creditors

(b) additional efforts to adopt strengthened policies to attract direct investment and the return of flight capital, and avoid unsustainable levels of debt

(c) continued financial support by creditor countries to multilateral financial institutions and regional development banks to cover their financial support for debt reductions.]

18. [With regard to debt owed to official bilateral creditors, industrialized countries should cancel that of all least developed and IDA-eligible countries, as well as of other severely indebted low-income countries, including both Paris Club debt and debt owed to other developed countries. Creditors should ensure that debt cancellation is additional to ongoing and future aid programmes. Following on the debt reduction granted to certain countries, Paris Club creditors should extend the benefit of substantial debt reduction to other middle-income

countries, applying a principle similar to most-favoured-nation treatment.]

[With regard to debt owed to official bilateral creditors, the Conference welcomes the recent measures taken by the Paris Club with regard to more generous terms of relief to the poorest most indebted countries. However, the Conference underscores that more needs to be done in order to reduce debt and debt service burdens of such countries to levels that are commensurate with their payment capacities and that do not jeopardize the economic reform efforts of those countries.]

[With regard to debt owed to official bilateral creditors, the Conference welcomes the recent measures taken by the Paris Club with regard to more generous terms of relief to the poorest most indebted countries and encourages debtor nations to take advantage of these measures as appropriate.]

19. [Urgent consideration should be given to debt reduction [and substantial new financing] for low-income countries with substantial debt burdens which continue to service their debt and meet their international obligations at great cost. New formulas should be promoted for the reduction of debt and debt service owed by developing countries, in particular those that [are recognized as having made great] [have admittedly made the greater] efforts [to remain current on] [for the timely fulfilment of] their external financial obligations.]

[The Conference commends the actions of low income countries with substantial debt burdens [and with sound economic reform programs] which continue, at great cost, to service their debt and safeguard their creditworthiness and access to capital markets. Particular attention should be paid to their resource needs.]

20. [In connection with multilateral debt, further measures are needed [by governments] while safeguarding the soundness of creditor institutions. "Support groups" should be made more active in providing resources to clear arrears, and other mechanisms such as interest rate subsidies or refinancing funded by reflows or special trust funds should be strengthened.]

[In connection with multilateral debt, further measures are needed, while safeguarding the soundness of the multilateral financial institutions. The use of "support groups" should be continued in providing resources to clear arrears of countries embarking upon vigourous economic reform programmes supported by IMF and World Bank. Mechanisms such as interest rate subsidies or refinancing funded by reflows or special trust funds should be kept under active consideration.]

[In connection with multilateral debt, while safeguarding the soundness of creditor institutions, the Conference recommended the following:

(a) measures aimed at reversing the negative transfer of financial resources to developing countries, including, inter alia, ensuring enough new disbursements and longer repayment periods, the revising of current policies and operating procedures with a view to reducing financial costs, and the restructuring of debts owed by interested countries to these organizations;

(b) the provision of adequate financial assistance to developing countries in order to help clear arrears to the MFIs. "Support groups" should be made more active and other mechanisms such as interest rate subsidies or refinancing funded by reflows or special trust funds should be strengthened.]

[A proposal was made to delete the entire paragraph.]

21. The international community should explore [ways] [mechanisms] to improve co-ordination between all creditors, official and private, and donors to help meet in an integrated manner financing requirements of debtor countries in relation to their medium-term development programmes.

22. [A deepening and broadening of the involvement of UNCTAD in the search for practical solutions to the debt problems of developing countries is needed. Technical co-operation among developing countries in the area of external debt and UNCTAD co-operation with developing

countries in debt negotiations as well as in debt management in general should be strengthened.]

[The Conference reaffirmed UNCTAD's role in the search of practical solutions to the debt problems of developing countries and agreed that its global analysis functions should be strengthened, including the following up and evaluation of strategies that have been implemented as well as the formulation of proposals in this area.

The Conference also agreed to strengthen UNCTAD's technical co-operation activities both in regard to assisting developing countries in debt negotiations and in debt management in general, as well as in supporting technical co-operation among developing countries.]

[Technical co-operation among developing countries in the area of external debt and UNCTAD co-operation with developing countries in debt negotiations as well as in debt management in general should be strengthened.]

[A proposal has been made to delete the entire paragraph.]

(ii) External finance for development

23. The process of structural adjustment in developing countries needs to be adequately supported [and funded]. A substantial increase in the aggregate level of resources, particularly concessional resources, would provide a needed boost to this process. In addition, it is important to ensure that associated macroeconomic and structural policy conditions take due account of the specificity of the economic needs and conditions of developing countries. [Aid transfers should be free from non-economic conditionality.]

24. Substantial additional efforts are required to enhance both the quantity and quality of support for developing countries. In this regard, official finance in its various forms is particularly important. The Conference takes note of the target already established by international organizations for the future level of development assistance (0.7 per cent of GNP). Aid donors reaffirm the commitments

undertaken at the Second Conference on LLDCs to bring about a significant and substantial increase in the aggregate level of external support to these countries. [Developed countries, countries in Central and Eastern Europe, the newly industrialized countries and the high income oil producers all need to participate in the development effort.]

25. The effectiveness of aid should be strongly enhanced by both donor and recipient countries. On the recipient side, a stable policy environment which would encourage long-term investment and increase its efficiency will contribute to increasing the effective use of aid. On the donor side, aid effectiveness will be enhanced by improved aid co-ordination, by further untying of aid and by targeting aid on the genuine promotion of long-term development, in particular human resource development. Aid efforts should take into account the increasing differentiation among developing countries: while highly concessional assistance should primarily be focused on low income countries, resources for co-operation with other developing countries in need of assistance could be of a less concessional character.

26. Efforts to provide financial assistance to the countries of Central and Eastern Europe should not be at the expense of developing countries.

27. The resources of the World Bank's Special Programme of Assistance for debt-distressed low-income countries, and those of the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility [should be increased so as to provide] [must continue to play a key role in providing] medium-term concessional loans to low-income countries.

[28. There should be further allocation of SDRs, linked to development finance needs and free from conditionality.]

[28. In order to strengthen the role of the IMF, all remaining members should urgently notify the Fund of their consent to an increase in quotas under the 9th Quota Review and the Fund should continue working actively on the question of SDR allocations.]

[A proposal was made to delete the entire paragraph]

29. Both industrialized and developing countries should consider what measures they can take to encourage mutully-beneficial flows of foreign direct investment to the developing world. Such measures could include membership in, and wide utilization of programmes under the MIGA and IFC, the conclusion of bilateral investment and double taxation treaties, and the provision of direct incentives.

30. Both developed and developing countries should consider the possibilities that exist for the reduction of military expenditures, and for channelling the savings towards socially productive uses, including development finance. [The intergovernmental machinery of UNCTAD, with appropriate support from the secretariat, should explore the issue of structural adjustment for the transition to disarmament and the implications for world economic growth and development.]

31. Intensified efforts should be made by all countries and multilateral financial institutions to implement fully and expeditiously the Programme of Action for the Least Developed Countries for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries held in Paris in September 1990.

[31bis. The Conference recognizes that the problems of the poor countries in Africa are uniquely difficult and need special treatment. It also recognizes that in dealing with Africa's external indebtedness, the magnitude and the severity of its debt constitute a severe and continuing burden which restricts its economic recovery and long-term development: the international community, particularly the donor developed countries and MFIs should adopt concrete measures by increasing urgently ODA to Africa in accordance with the United Nations New Agenda for the development of Africa in the 1990s following the final review of UNPAAERD as well as Programme 45: the UN system-wide plan of Action for Africa.]

[32. Full support should be given to the proposal of the Secretary-General of the United Nations to convene an international conference on the financing of development, building on the outcome of UNCTAD VIII.]

[32bis. The Conference agrees that the UNCTAD secretariat should undertake analysis and make proposals, as well as provide technical assistance to developing countries in the above-mentioned areas. UNCTAD could also be a forum to promote discussions and negotiate basic consensusses on the treatment of resources for development in the different competent organizations of the international economic system, with the aim of reversing the negative transfer of resouces.]

(c) Environment and development finance

[33. The Conference agrees that an effective developing-country strategy for sustainable resource management, elimination of poverty and the acquisition of environmentally sound technologies as a solution to environmental degradation requires external financial support on a large scale. It further agrees that such support should be additional to current ODA flows and be provided as grants and on concessional terms.]

[33. The Conference agrees on the need for new and additional resources to assist developing countries to deal with global environmental externalities. It also agrees on the need for more funding for implementing sustainable development policies at the national level. It believes that the Global Environmental Facility should play a leading role in helping developing countries tackle global environmental problems.]

[33. The Conference agrees on the need to mobilize adequate and additional financial and technical resources to enable the developing countries to fulfil their responsibilities to help preserve, protect, and improve the world's environment.]

34. The Conference emphasizes that government intervention for the protection of the environment and the achievement of sustainable development should pay attention to, inter alia, mechanisms that make use of market signals and generate additional financial flows, such as taxes and user fees on environmentally damaging activities. The Conference notes that the UNCTAD secretariat is undertaking studies on a possible global system of tradeable carbon emission entitlements.

35. Creditor countries, multilateral financial institutions, developing countries and NGOs should co-operate in efforts to implement debt conversion schemes for the protection of the environment.

(d) Resource allocation and sustainable development

36. The Conference agrees that there is a need to examine the terms and conditions on which developing countries can resort to economic and regulatory tools aimed at integrating environmental costs into economic activities, so as to correct market deficiencies, without thereby hampering their economic growth and jeopardizing their competitive position on international markets.

37. Likewise, a number of principles, such as the polluter-pays-principle, the user-pays principle and the use of a precautionary approach where uncertainties exist are being examined as devices to foster economic behaviour more in line with the imperatives of sustainable development. As these principles might be considered in future international negotiations related to the environment, there is a need to further study their implications for developing countries, bearing in mind the specifities and realities of these countries including their social, economic and environmental needs, and to make conclusions available to the relevant negotiating bodies in time for them to be taken into account. UNCTAD should undertake studies and provide [advice] [information] within its competence in the relevant areas.

## B. International trade

[38.[2/] The international trading environment has been affected by a number of developments which have created new challenges and opportunities: the shift towards greater market orientation and liberal trade policies by many countries, including the developing countries and countries of Central and Eastern Europe; the intensification of the process of regional economic integration, and new global and regional trade liberalization arrangements among developing countries; the increasing attention to environmental issues; the new forms of competition resulting from globalization; and the Uruguay Round negotiations. These changes provide new opportunities for developing countries and economies in transition to derive benefits from a fuller integration into the multilateral trading system. However, protectionist pressures and unilateral policy actions continue to endanger the functioning of an open multilateral trading system.]

### 1. Protectionism, structural adjustment and trade policy reforms

#### [(a) Assessment[3/]]

[39. In recent years, a growing number of developing countries have adopted policies to integrate their economies into international markets. In most cases, these policy changes have involved far-reaching and autonomous trade liberalization. If this policy shift is to yield results in terms of faster economic growth, market access conditions in developed countries have to improve significantly and the trends towards protectionism and unilateralism have to be decisively arrested and reversed.]

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2/ See footnote 1.

3/ See footnote 1.

[40. Similarly, the far-reaching systemic changes taking place in Central and Eastern Europe need to be supported by the international community. In the area of trade, market access conditions for these countries' exports have improved since the process of reforms gathered momentum. However, much still needs to be accomplished. It is important that discriminatory measures aimed specifically at these countries be abolished and that non-tariff measures (NTMs) which affect their exports be relaxed on an MFN basis.]

[41. Despite the standstill and roll-back commitments of Governments, non-tariff measures, in particular quantitative restrictions (QRs), voluntary export restraints (VERs), discretionary licensing and anti-dumping actions, have persisted in recent years. High tariffs, tariff peaks and tariff escalation continue to prevail in many markets on a wide range of products, including products of export interest to developing countries. There has also been an intensification of unilateralism in the trade policies and trade legislation of some major trading countries, as well as an increased threat of retaliatory action.]

Objectives

42. Accordingly, the objectives of the international community must be: (a) to halt and reverse protectionism in order to bring about further liberalization and expansion of world trade, to the benefit of all countries, in particular the developing countries;

(b) to facilitate, in a timely way, the full integration of the Central and Eastern European countries into the world economy and the international trading system [for the mutual benefit of all parties;]

[(c) to provide greater equity, security and predictability to the international trading system.]

[(c) to strengthen the international trading system through successful completion of the Uruguay Round trade negotiations.]

[(d) to eliminate discrimination against the exports of developing countries;]

[(e) to integrate developing countries into the international trading system in a manner consistent with their trade, financial and development needs.]

(b) Measures and action

[43. Previous commitments to halt and reverse protectionism should be fully implemented in order to improve market access opportunities [in the markets of the developed countries, taking into account the export interests of developing countries.] To create these opportunities, developed countries should reduce or eliminate tariff and non-tariff restrictions, and implement structural reform policies which reduce or eliminate distortions in international competition and domestic resource mobilization.]

[A proposal has been made to delete the entire paragraph.]

[44. A viable international trading system should also give concrete expression to the concept of differential and more favourable treatment for developing countries and its full application in practice.]

[A proposal has been made to delete the entire paragraph.]

45. The international community should implement the measures - adopted in the Programme of Action for the Least Developed Countries for the 1990s - aimed at granting [substantially] improved market access for exports of LDCs and at providing special trade treatment for these countries.

[46. States members of UNCTAD, particularly developed countries, and their regional groupings having competence in the area of trade policy, should establish independent transparent mechanisms for evaluating protectionist measures sought by firms or sectors and the implications of such measures for the domestic economy as a whole and their effects on the export interests of developing countries.]

[47. UNCTAD should promote the establishment of these mechanisms, including the evolving of features for such mechanisms, and facilitate their participation in UNCTAD intergovernmental discussions, with a view to enhancing the adoption of concerted policies in the fight against protectionism. UNCTAD should also provide technical assistance to interested countries in connection with the establishment of such mechanisms.]

[46. + 47. Recalling paragraph 105(4) of Final Act of UNCTAD VII the Conference noted the value of increasing the transparency of decision-making in trade and investment policies and practices. Members of UNCTAD should establish independent transparent mechanisms for evaluating trade and economic policies sought by firms or sectors and their impact for consumers and the domestic economy as a whole. UNCTAD should promote the establishment of these mechanisms, including the evolving of features for such mechanisms, facilitate their participation in TDB discussions, as appropriate, and provide technical assistance to interested countries in connection with the establishment of such mechanisms.]

48. Developing countries should continue the trade-policy reforms they have undertaken and, in particular, should progressively reduce their import barriers, [consistent with their trade, financial and development needs.] [In order for these efforts to succeed, developing countries need to be supported by the international community in terms of improved market access and increased flows of financial resources.] They should receive credit for [such autonomous] [bound liberalization] measures in the context of multilateral trade negotiations. [Attention should be given to increasing the transparency of the trade regimes in developing countries and the replacement of NTMs by tariffs.]

49. Member countries should continue to support the transition of countries in Central and Eastern Europe to market economy and to liberalize their trade regimes vis-à-vis all of them. At the same time, the interests of the world economy would be best served if the trade regimes that are emerging in the Central and Eastern European countries are kept open to imports from all potential trading partners [without prejudice to preferential agreements under the relevant provisions of

GATT. Special attention should be paid in this regard to the trade with developing countries.] [in accordance with the concept of differential and more favourable treatment for them.]

[The TDB should periodically assess the above process and UNCTAD should identify the opportunities resulting from the above developments for the mutual benefit of developing countries and individual countries of Central and Eastern Europe. The necessary technical assistance programme should be launched with a view to helping developing countries derive the maximum benefit in terms of expansion of trade and reinforcement of economic co-operation with individual countries of Central and Eastern Europe. Multilateral financial institutions and the UNDP should be associated with UNCTAD in this respect.]

[The TDB should periodically assess the above process and elaborate supportive measures.]

[50. The Conference recommended that the schemes under the Generalised System of Preferences (GSP) should continue to be renewed and improved and that preference-giving countries should strictly comply with multilaterally agreed principles of GSP. Taking into account the recent developments, including in the Uruguay Round, affecting market access of developing countries in areas of export interest to them, GSP schemes should be substantially improved through:

(a) a substantial increase in preference margins so as to give real benefit to preference-receiving countries and grant of duty free treatment to the maximum extent in those schemes which do not yet give such treatment;

(b) comprehensive product coverage should be given in respect of all schemes. Inclusion of agricultural products in the GSP schemes, particularly in view of their likely tariffication in the Uruguay Round would make the product coverage more meaningful from the point of view of developing country exporters. Similarly, inclusion of hitherto excluded products in some schemes like leather and leather products,

and some categories of textiles and clothings would also increase the value of the GSP. Comprehensive country coverage without discrimination or exclusions;

(c) substantial reduction or elimination of non-tariff measures, a priori limitations and restrictions on preferential imports, and withdrawals of preferential benefits, so as to impart stability and greater predictability to the schemes;

(d) improved, simplified and harmonized rules of origin criteria;

(e) increased technical assistance to allow developing countries to benefit fully from the system.

The principles of the GSP should be extended to cover all applicable barriers affecting developing countries' exports in goods and services to developed countries. UNCTAD should work out modalities for extending the scope of the principles of the GSP for granting preferent treatment to developing countries in respect of all applicable barriers affecting their exports of goods and services to developed countries.]

[50. The schemes under the generalized system of preference (GSP) should continue to be renewed at least until the end of the decade. Taking into account recent developments in the world economy including those affecting market access of developing countries in areas of export interest to them, autonomous GSP schemes should be improved through:

(a) the harmonization of preference giving countries policies;

(b) reduced complexity and increased stability and transparency;

(c) continued technical assistance to allow developing countries to benefit fully from the system.

Donors should give active consideration to:

(a) possible improvements in product coverage and appropriate adjustments in country coverage;

(b) reduction or elimination of non-tariff measures linked to GSP schemes;

(c) further improvement and simplification of rules of origin.]

[50. The Conference noted that many developing country exporters have benefitted from GSP treatment, and encourages preference-giving countries to continue to renew these schemes, keeping in mind the voluntary, unilateral nature of the shcemes. Taking into account recent developments affecting developing countries' market access for products of export interest to them, including the Uruguay Round, the Conference encourages preference-giving countries, when renewing their GSP schemes, to consider, when relevant, an increase in preferential margins and duty-free treatment. The Conference also encourages preference-giving countries to continue expanding their product and country coverage, to minimize limitations and restrictions on preferential imports as well as withdrawals of preferential benefits, and to improve and simplify rules of origin criteria so as to impart stability and greater predictability to the schemes. Finally, donor countries in a position to do so should consider increasing their technical assistance to allow developing countries to benefit fully from the system, and preference receiving countries and their exporters should participate actively in these technical assistance activities.]

[50bis. The Conference urges developed countries to grant preferential treatment to developing countries in the area of all non-tariff measures in the following ways:

(1) In compliance with multilateral rules and disciplines, including those emerging from the Uruguay Round where several quantitative non-tariff measures would be required to be phased out or brought into conformity with GATT provisions: (a) those NTMs applied specifically to restrict developing country exports should be eliminated at the earliest stage of the Uruguay Round results implementation process, and (b) those that are applicable to all suppliers should be eliminated within a shorter time-frame in all cases involving developing country exports.

(2) In the context of the new multilateral instruments on anti-dumping and subsidies and countervailing measures, their new strengthened provisions should be applied retroactively to the cases involving developing country exports leading to termination of these cases.

(3) In the context of safeguards, when they affect developing countries, they should always take the form of tariffs.]

[50ter. Concrete measures should be adopted to compensate those developing countries that may lose preferential margins, which they currently enjoy in their external trade, in consequence to the trade liberalization which will potentially result from the Uruguay Round of Multilateral Trade Negotiations.]

[51. The Conference agrees that the Trade and Development Board should assess the evolution of national and international trade policies of member countries and their impact on developing countries and economies in transition in Central and Eastern Europe, in order to propose measures to stimulate structural adjustment and to reduce and eliminate protectionism and unilateralism in the developed countries.]

[51. The Conference agrees that the Trade and Development Board should, annually at its spring session, review developments in the production of and trade in manufactures, commodities and services, particularly in developing countries. The review should include analysis of the principal elements of, and effects of, structural adjustment policies including trade policies and, if appropriate, policy options.]

52. In order to strengthen further the Board's reviews of issues referred to in the preceding paragraph, the Conference agrees that the Secretary-General may, as he deems necessary, convene high-level experts to present their views to the Board or its sessional committee on specific issues requiring the attention of the Board.

2. Improving the international trading framework

[(a) Assessment [4/]]

[53. The Final Act of UNCTAD VII recognized the importance of achieving a balanced and equitable outcome of the Uruguay Round to provide greater security and predictability in the international trading system. An outcome which would provide concrete benefits for developing countries would include: (a) substantial concessions on market access issues in order to promote trade liberalization and to expand the opportunities for developing-country exports to world markets; (b) reformed GATT rules on agriculture which provide developing countries with improved and secure access to markets, recognize the developmental role of agriculture in the economies and societies of developing countries, mitigate and compensate negative impacts on net food-importing developing countries; (c) an agreed programme for phasing out the MFA and for reintegrating trade in textiles and clothing into the rules and principles of the General Agreement; (d) the fullest possible liberalization of trade in tropical products on a non-reciprocal basis; (e) agreements on safeguards, anti-dumping and countervailing measures that impart stability and predictability to international trade; (f) the acceptance by all parties of tighter disciplines over their resort to trade policy measures on a mutual and equitable basis, taking into account the importance of flexibility (especially in relation to balance-of-payments problems in the context of development strategies) as well as levels of development; (g) an agreement on trade-related aspects of intellectual property rights (TRIPS) that facilitate the access of developing countries to technology and their pursuit of public policy and social objectives; (h) a multilateral framework for trade in services which assists in enhancing the international competitiveness of developing-country service firms and in enabling them to gain effective access to world markets by, inter alia, incorporating the MFN principle and universal coverage of the

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4/ See footnote 1/.

services sectors; (i) an agreement on trade-related investment measures (TRIMs) which clearly recognizes the right of developing countries to establish conditions for foreign investors intended to promote development and enhance competition; (j) a legal structure for the implementation of the results of the Uruguay Round which precludes both unilateral action and cross-sectoral retaliation between trade in goods and measures relating to intellectual property protection, investment and services.]

[54. The rapid political, economic and technological changes which have occurred since the launching of the Uruguay Round demand policy analysis, multilateral efforts to develop common perceptions and a consensus on an international agenda on trade and related issues of development in the 1990s. This requires a substantive multilateral dialogue to provide a solid basis for consensus-building, setting common objectives as well as for effective decision-making in the coming decade.]

[55. A particular issue to be addressed in this context is the emergence, extension and intensification of regional economic groupings, which could represent either building blocks toward a more open trading system or stumbling blocks in the way of its achievement, depending on their policies vis-à-vis imports from non-participating countries, particularly from developing countries.]

[56. It is essential that the movement of the international community towards an open trading system characterized by greater reliance on market forces be accompanied by an effective regulatory framework to foster competition. Promoting the role of enterprises in development while avoiding market distortions and anti-competitive practices implies the adoption of national and international competition policies aimed at avoiding restrictive business practices at both the domestic and international levels, and action to ensure that developing countries and countries in transition are given the means to compete in international trade.]

(b) Measures and action

[57. [The Conference recognizes that determined efforts are required by all participants to arrive at a balanced and equitable outcome to the Uruguay Round,] [which takes fully into account the trade, financial and development interests of developing countries.] Pursuant to General Assembly resolution 203/45, the Conference requests the Trade and Development Board, [as part of its regular mandate] to undertake an extensive evaluation of the results of the Uruguay Round from the viewpoint of developing countries and their impact on the international trading system. In this context, the Board should examine the problems and opportunities the developing countries [and economies in transition in Central and Eastern Europe] face in increasing their participation in international trade in goods and services in the 1990s, [on equitable basis] and identify issues for multilateral action. The Secretary-General of UNCTAD is requested to submit a comprehensive report on these issues, including recommendations for action to the Board. This report should also cover [emerging new aspects of the international trading system as well as] relevant aspects of the integration of the Central and Eastern European economies into the world trading system, and their increasing participation in international trade in goods and services, [as well as the impact on the international trading system of environmentally motivated trade policy measures.]]

[57. The Conference recognizes that determined efforts are required by all participants to arrive at a balanced and equitable outcome to the Uruguay Round. Pursuant to General Assembly resolution 45/203, the Conference requests the Trade and Development Board to undertake extensive evaluation of the results of the Uruguay Round from the viewpoint of developing countries and their impact on the international trading system. In this context, the Board should examine the problems and opportunities the developing countries and economies in transition in increasing their participation in international trade in goods and services in the 1990s.]

[57. The Conference recognizes that determined efforts are required by all participants to arrive at a balanced and equitable outcome to the Uruguay Round.]

58. The Conference acknowledges with appreciation the support provided by UNDP through UNCTAD to facilitate the effective participation of developing countries in the Uruguay Round. [The Conference requests the UNCTAD secretariat to continue, in close cooperation with UNDP, to extend the necessary assistance to developing countries, including in the implementation of the results of the Round, in follow-up negotiations, and in their participation in the GATT Trade Policy Review Mechanism and dispute-settlement procedures.] 5/

[The Conference requests the UNCTAD secretariat to continue to extend the necessary assistance to developing countries to follow closely developments and issues in the Uruguay Round of particular interest to developing countries.] 6/

[59. The Conference requests the Trade and Development Board to review the implications of emerging regional free trade and economic integration agreements for developing countries [and for the international trading system] and to promote regional and sub-regional integration as a complementary means to strengthen the trade liberalization process in the world economy.]

[A proposal was made to delete the entire paragraph.]

[60. The Conference agrees that UNCTAD should expand its action with regard to agreements and rules on policies and regulations for the control of restrictive business practices in order to cover more broadly the promotion of international competition, to ensure the proper functioning of markets and efficient resource allocation, and bring about genuine liberalization of international trade. An intergovernmental dialogue, preceded or accompanied by appropriate conceptual and technical work by the secretariat, should be launched with a view to evolving a comprehensive and development-oriented framework on national and international competition policy. [as well as a set of legally binding rules to control restrictive business practices.] It should cover both goods and services and cut across such areas as technology, investment

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5/ There are proposals to merge the second sentence of this paragraph with paragraph 77.

6/ See footnote 5

and commodities. UNCTAD should also provide developing countries, and other countries upon request, with the necessary technical co-operation in the area of competition policy. [and control of restrictive business practices.]]

[60. The conference agrees that UNCTAD should pursue its work with regard to policies and regulations for the control of restrictive business practices in order to cover more broadly the promotion of competition, to ensure the proper functioning of markets and efficient resource allocation, and bring about harmonius development of international trade. Efforts should be made to implement fully the provisions of the set of multilaterally agreed equitable principles and rules for the control of restrictive business practices and develop co-operation between national competition authorities including competent authorities of regional groupings. UNCTAD's work should cover both goods and services and such areas as technology, investment and commodities. UNCTAD should also provide developing countries, and other countries upon request, with technical co-operation in the area of competition policy.]

[A proposal was made to delete the entire paragraph.]

61. The Conference notes the ongoing discussions in the United Nations and in the GATT on strengthening institutional arrangements in the area of multilateral trade, and proposals in the Uruguay Round for the establishment of a multilateral trade organization to implement the results of the negotiations.

[62. Recalling paragraph 105(23) of the Final Act of UNCTAD VII, the Conference reaffirms that UNCTAD has a mandate and an important role to play as a forum for the discussion, analysis and negotiation of the multilateral framework for rules and modalities of international trade, and for the review of the effectiveness and further evolution of institutional arrangements in this field. The Conference agrees that any such new institutional arrangements should be comprehensive in subject coverage, universal in membership, based on agreed objectives and

disciplines, responsive to the interests of all members, particularly the developing countries, and democratic in decision-making, [and linked to the United Nations system], with the ultimate aim of ensuring equitable distribution of benefits of international specialization and the ability of all countries [particularly developing countries] to achieve the capacity to compete in world trade. UNCTAD should take measures to promote such discussions [deliberations] and provide the necessary assistance to this process.]

[62. The Conference will review, in the light of experience, the effectiveness and further evolution of institutional arrangements with a view to recommending such changes and improvements as may be necessary.]

[62. Recalling paragraph 105(23) of the Final Act of UNCTAD VII, the Conference reaffirms that UNCTAD has a mandate and an important role to play as a forum for the discussion and analysis of the international trading system.]

[63. The Conference requests the Secretary-General of UNCTAD to submit a report to the Trade and Development Board on ways and means of enhancing UNCTAD's contribution to the strengthening of institutional arrangements in the area of international trade, taking into account relevant current proposals. The Secretary-General of UNCTAD is requested to convene, in co-operation with Governments, relevant international organizations, academic and independent institutions and experts, an ad hoc group of eminent persons to assist him in this connection.]

[A proposal was made to delete the entire paragraph.]

3. Environment and trade

[(a) Assessement[7/]

64. The interactions between environment policies and trade issues are many and have not yet been fully assessed. Trade and sustainable

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7/ See footnote 1/.

development can be mutually supportive. Trade is an instrument of economic growth and development which widens the

options for environmental protection; conversely, environmental protection is aimed at preserving and developing the natural and ecological resources which are needed to sustain a long-run growth and development process.

65. However, there is increasing concern that measures adopted for environmental reasons may have an adverse impact on trade and on economic growth [particularly the development process of the developing countries]. There is also concern that [as a result of unfavourable world economic conditions] some developing countries may feel obliged to maintain export patterns leading to an over-exploitation of natural resources, whereas in certain cases existing protectionism [in developed countries] may also lead to distortions in international trade which are incompatible with sustainable development.

66. The objective of the international community must be to elaborate a policy framework which would ensure that environmental and trade policies are mutually supportive, with a view to achieving sustainable development.]

(b) Measures and action

67. The Conference recognizes that [substantially] improved market access for developing country exports [and remunerative prices [for non-renewable resources]], [by producing greater income for less resource depletion] [in many cases] would have a positive environmental impact.

[68. The Conference recognizes that trade policy measures for environmental purposes should as far as possible be avoided to prevent their use as a vehicle for introducing discriminatory measures or disguised barriers to trade. [The Conference agrees that

trade-restricting measures are neither an objective nor an efficient means of promoting environmental protection and in fact will lead to proliferation of trade restrictions and harassment that would undermine the open multilateral trading system]. However, should trade measures be found necessary for the enforcement of [internationally agreed] environmental policies, certain [multilaterally agreed] principles and rules [could] apply. These include; [inter alia]: the principle of non-discrimination; the principle that the trade restrictive effects of new environmental standards should be proportional to the legitimate objectives of these standards; an obligation to ensure transparency in trade measures related to environmental and to provide adequate notification of national regulations which are not based on international environmental standards; [special and differential treatment for developing countries]; [the recognition of sovereignty of nations with regard to their natural resources and national space]].

[68. The Conference recognizes that trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Should trade measures be found necessary for the enforcement of environmental policies, certain principles and rules could apply. These could include: the principle of non-discrimination; the principle that the trade restrictive effects of new environmental standards should be proportional to the legitimate objectives of these standards; an obligation to ensure transparency in trade measures related to environmental and to provide adequate notification of national regulations which are not based on international environmental standards.]

69. The Conference recalls principle 23 of the Stockholm Declaration of June 16, 1972, which provides that standards of environmental protection valid for advanced countries may not be so for developing countries and may impose unwarranted social and economic costs on the latter.

70. [The Conference agrees that unilateral application of restrictive trade measures especially against developing countries' exports professedly on environmental grounds constitutes unjustified trade barriers and inherent discrimination against them].

[71. The Conference requests the UNCTAD secretariat to undertake studies, analyse policy measures, and carry out technical co-operation in the vital area of trade and sustainable development. In particular, the secretariat should analyse the relationship between environmental policies and trade, [including the implications for developing countries of the proposals on harmonization of standards and environmental regulations.] [Donor countries are urged to contribute extrabudgetary resources to UNCTAD to undertake its work on the interlinkages between environment, trade and sustainable development]].

[71. The Conference requests the UNCTAD secretariat to undertake studies, analyse policy measures, and carry out technical co-operation in the vital area of trade and sustainable development. In particular, the secretariat should analyse the relationship between environmental policies and trade and the impact of developments in this field on developing countries taking the work of GATT, OECD and other fora into account.]

72. UNCTAD should [monitor measures that have a bearing on the environment, as well as environment-related policies from the standpoint of their possible protectionist implications, and explore possible criteria that may provide safeguards against such protectionism]; continue to collect, analyse and disseminate information on environmental regulations and measures which may have an impact on trade, especially that of developing countries.

[4. Trade efficiency

[(a) Assessment[8/]

73. Recent advances in informtion technologies have enabled thousands of small, medium-sized and large enterprises in many countries to take a quantum leap in the area of trade efficiency. In many countries, including developing countries, trade facilitation strategies or policies

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8/ See footnote 1.

relating to EDI (electronic data interchange) have been particularly effective in improving trading efficiency of the public and private sectors. Many valuable efforts have been made in both the private and the public sector as well as in international organizations to define and develop the required standards and procedures. A significant acceleration of this process could still be achieved, which would provide dramatic savings, expansion and increased dynamism in international trade.

74. There is an urgent need to increase the international degree of awareness of the growth and development potential that information technologies and new trade efficiency practices represent, and to translate on-going efforts into tangible actions and policies at the national and international levels. Both the private and public sectors should play a prominent role in this process. Trade efficiency should be promoted as a tool for (a) enabling developing countries and countries in transition of Central and Eastern Europe to better integrate into the world economy by [increasing their access to international markets and] enhancing their capacity to compete in international markets; (b) strengthening the efficiency of all participants in international trade by making transactions less costly and more fluid at the national level, and (c) producing internationally acceptable agreements capable of reducing procedural and transaction costs on international trade.

74bis. Appropriate action must be taken so as to allow universal access to new sources of international trade competitiveness, at a reasonable costs. Special attention should be given to the possibility of promoting trade efficiency as a means of involving more potential players in international trade. This requires, in particular, that innovative approaches be developed and implemented to foster the participation of those countries which do not yet have the technologies, know-how and infrastructures required for a beneficial participation in global trade.]

(b) Measures and action

75. Global trade efficiency requires the formulation of a comprehensive strategy with two inter-related components. At the international level, the strategy will identify and formulate the elements of possible [international agreements and] recommendations capable of producing substantial time and money savings in international trade transactions and procedures. It will define ways and means of creating the conditions for the emergence of new trade links involving all regions of the world. This will be achieved, inter alia, by accelerating the process towards a truly universal use of EDI. Special attention will be given to the integration of countries and regions less advanced in this process in order to give them access to new sources of trade competitiveness. At the national level the strategy will be composed of a set of "domestic models" adapted to each level of development and likely to help actual and potential traders and the public sector to integrate into the international trade efficiency strategy and to build up the local infrastructures to foster foreign trade and investment.

76. The Conference requests the Secretary-General of UNCTAD to initiate consultations with member States so as to establish a trade efficiency expert group. This group will report regularly to the Trade and Development Board on the progress of its work. It should be so composed as to take advantage of the experience of the most advanced public and private participants in the area of trade efficiency. In its work, it will need to take due account of existing efforts [made in the United Nations system and in other organizations], in order to support, accelerate and enhance them. This group will be responsible for producing the strategies and guidelines needed to take concrete steps towards trade efficiency [at the national and international levels.] [in developing countries] [The group will also identify and formulate the elements of international agreements necessary to the promotion and implementation of such strategies and guidelines, focusing on their legal, technical, procedural and institutional components [while preserving full scope for private sector initiatives in this field].]

76bis. [The process should be launched for an international conference] [international discussion should be reinforced] on [the promotion of harmonized national and regional infrastructure for trade and] trade efficiency, for which the above will constitute the basis. [This conference] [this discussion] should focus especially on the infrastructures and technologies required by [developing] [all] countries to access new sources of trade competitiveness; the conference will be expected to produce elements and references likely to assist all interested countries in moving step by step towards trade efficiency.

76ter. In the meantime, transparency in trade-related information should be fostered, e.g. by facilitating universal opportunity to access publicly available market information, and current efforts aiming at establishing EDI standards should be supported so that the business interest and concerns of all countries are represented and complemented as appropriate through international co-operation [and agreements].

76quart. UNCTAD should continue to strengthen its analytical and technical co-operation work in the area of trade efficiency, including through experiments carried out jointly with the private and public sectors of pilot developing countries.

76quint. The Conference acknowledges the efforts made by many countries to increase trade efficiency through the use of information technology. Countries are urged to continue such efforts, especially in areas of trade facilitation and Customs automation. All countries are encouraged to adopt laws, regulations and policies that would reduce barriers to trade facilitation through the use of information technology.]

4bis. Transit facilitation

76sixte. Improvement of transit facilities is vital for the expansion and development of the foreign trade sector of the land-locked developing countries. These countries and their transit neighbours should be assisted by the international community through financial and technical assistance for the improvement of their transit infrastructure.

5. Technical co-operation

77. The UNCTAD secretariat should strengthen its technical co-operation activities in the area of trade [in an increasingly integrated and comprehensive manner], with the objective of strengthening national capacities for trade and development, enhancing the participation of developing countries in the international trading system, and promoting the trade of developing countries [with the rest of the world] [taking into account the activities of other organizations including ITC.] Such activities should encompass:[9/] [trade policy reforms, including assistance to developing countries preparing for their participation in the GATT Trade Policy Review Mechanism; trade negotiations; market access, including effective use of the GSP; corporate policies and competition; trade and sustainable development; services; technology; dissemination of trade information and software packages; and training and human resource development.]

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9/ Some delegations have proposed that the assistance referred to in paragraph 58 be included in this paragraph.

C. Strengthening the technological capacities of developing countries

[1. Assessment[10/]

78. The knowledge gap between the developed and the developing countries widened in the 1980s and policies and measures are needed to help narrow it over the current decade. In particular, while there was a spectacular growth of investment flows among developed countries, there was a lack of growth of technology flows to most developing countries.

79. In the context of globalization in the world economy, the prospects for the technological progress of developing countries are increasingly determined by their ability to access global information networks, in turn a function of inter-firm technological linkages, and by developments in intellectual property protection. Foreign direct investment thus remains an important source of technology. However, the revitalization of investment flows and their positive contribution to development requires an increase in the capacity to absorb imported technology, especially in least developed countries, where domestic efforts to improve infrastructure, raise educational standards and train technicians call for sustained international support. The growing international concern for ecologically sustainable development has added a new dimension to this problematique.]

2. Measures and action

80. With a view to promoting domestic technological capabilities, high priority should be given to stimulating technology flows to developing countries through cooperative schemes, incentive measures and inter-enterprise collaboration arrangements. Policies and measures in this field should seek to enhance the capacity of developing countries to utilize scientific and technological developments from abroad, as well as to modify and adapt them to suit local conditions and to facilitate their access to foreign-held technology.

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10/ See footnote 1.

(a) National policies

81. The Conference recognizes that, in order to stimulate transfer of technology and the development of endogenous technological capabilities, developing countries, in their plans and policies, should emphasize policies and measures that enhance their scientific and technological capability, and should devote adequate resources [according to their national priorities] within existing availabilities to that end. Such policies must range from the expansion and adaptation of their educational systems, including vocational training, to the building up of their scientific and technological research and development capabilities. Such policies should include measures to encourage the diffusion of technology within developing countries, especially to small- and medium-sized companies.

82. National technology development policies should be introduced and/or enhanced in the context of an appropriate macro-economic policy framework which would promote entrepreneurship [and encourage technology transfer mainly through foreign direct investment and provide incentives for investment in technology capacity-building, including research and development (R & D).]
[innovation and acquisition, adaptation and development of technologies which will support national objectives and priorities. Transfer of such technologies through foreign direct investment should be accompanied by measures to increase the capacity of individual developing countries' firms and public sectors to absorb those technologies.] [A regime for the effective protection of intellectual property is essential.]

(b) International support measures

83. [In their trade and technology policies, developed countries should facilitate unhindered access of developing countries to critical, high, new and emerging and state-of-the-art technologies. Incentives for the transfer of technology to developing countries should include, inter alia, public guarantee schemes to promote [on a commercial basis] joint ventures, licensing agreements and R & D collaboration agreements. The Conference agrees that restrictions on the transfer of advanced

technologies to developing countries for political reasons should be avoided.]

[Given the importance of technologies to the development process, developed countries should consider ways of facilitating technology cooperation with the developing world. Bilateral investment treaties and double taxation agreements can provide a supportive framework for investment flows inviting collaborative R&D arrangements between firms of developed and developing countries. Bilateral and multilateral assistance programs should give high priority to the transfer of appropriate technology.]

84. [Developed countries should also provide incentives to their enterprises and institutions to undertake research and development activity in developing countries of interest to such countries, as well as to improve co-operation between enterprises and scientific and technological institutions of developed and developing countries. In order to minimize the negative consequences of the reverse transfer of technology, developed countries and relevant international organizations should strengthen and further support programmes aimed at promoting working home visits or, where appropriate, permanent return, of experts of developing-country origin who are currently working in developed countries, with a view to contributing to the development efforts of developing countries.]

[Developed countries should encourage improved co-operation between enterprises and scientific and technological institutions of developed and developing countries. Developed countries and relevant international organizations should consider strengthening and further supporting programmes aimed at promoting working visits of experts of developing-country origin who are currently working in developed countries.]

[A proposal was made to delete the entire paragraph.]

85. Collaborative arrangements for R & D and innovation between firms of developed and developing countries in specific technological sectors and areas should be established, and/or strengthened.

[A proposal was made to delete the entire paragraph.]

86. The Conference recognizes the need for the international community to explore ways and means for providing the developing countries with technical co-operation and financial resources to enable them to undertake R&D and skill formation including training programmes as well as to import foreign technological inputs as a complement to local technological efforts. In this context, the reverse transfer of technology merits consideration. Multilateral and international financial institutions should be encouraged to [establish lending facilities for the acquisition of technology by developing countries.] [To take due account of the technological needs of developing countries.]

[A proposal was made to delete the entire paragraph.]

87. The Conference further recognizes that developing countries [and newly industrialized countries] could help one another by the establishment of common institutions and centres for research and training, by the promotion of joint education programmes in science and technology and by the exchange of information. Science and technology must be given a prominent place in schemes for co-operation among developing countries at the global as well as at the regional and subregional level. To this end, special measures should be undertaken to enhance such co-operation, including joint venture and R&D collaborative arrangements in order to facilitate the access of developing countries to foreign technologies and to promote foreign direct investment and transfer of technology [in areas of interest to developing countries. Donor countries and relevant international organizations should provide financial support for TCDC facilities.]

88. [There is a need to review ways in which the intellectual property system can promote more effectively the economic and technological development of all countries, particularly the developing countries, and in which intellectual property can be effectively protected. In this respect, it was considered that public policy objectives, such as the promotion of technological capabilities through local working and the encouragement of transfer of technology, under fair and equitable terms and conditions, should guide the protection of intellectual property rights. [A balance should be established between the rights of

intellectual property holders and their obligations.] Itwas further considered that levels of intellectual property protection should be in consonance with development needs and specific economic conditions. In this context it was recognized that a well-articulated intellectual property rights protection regime can act as an incentive to technology flows in the form of foreign direct investment. [To this effect, the outcome of Uruguay Round should ensure the access to and transfer of technology to developing countries on fair and equitable terms and conditions with a view to enhancing the technological capabilities of developing countries and contributing to their development process.]]
[There is a need to review ways in which national systems of intellectual property protection can be enhanced so as to promote development and technology flows. In this respect, it was considered that there should be a redirection of existing UNCTAD resources into the conduct of detailed national policy studies which address the development potential of developing countries in intellectual property related sectors. In this context, the Conference recognizes that an effective and adequate domestic intellectual property rights protection regime can act as an incentive to technology flows in the form of foreign direct investment.]

89. [The Conference, on the basis of the work carried out in the negotiations on an international code of conduct on the transfer of technology, and in the light of recent economic, technological and policy trends relevant to technology acquisition and transfer, agrees that the Trade and Development Board should undertake work on the formulation of a global framework of principles and guidelines in order to facilitate the international transfer of technology on favourable terms and conditions particularly to developing countries and to encourage international technological co-operation among governments and enterprises, leading to the strengthening of endogenous capacities particularly those of developing countries.]
[The Conference, on the basis of the work carried out in the negotiations on an international code of conduct on the transfer of technology, recognizes the continued failure of ongoing negotiations to reach consensus, despite the best efforts of all participants. The Conference calls for the suspension of such negotiations until specific commitments by national representatives clearly indicate the likelihood of full

agreement on all outstanding issues.]

[A proposal was made to delete the entire paragraph.]

90. The Conference recognizes that effective modalities for favourable access to, and transfer of, environmentally sound technologies, in particular to developing countries, on concessional, non commercial and preferential terms,
should be examined. This should include the improvement of existing, and elaboration of new, financial schemes and mechanisms to help developing countries to have better access to resources for supporting the cost of importing, using and developing environmentally sound technologies. [Moreover, the Conference recommends that an international mechanism be established for the dissemination of information on existing environmentally sound technologies.]

[A proposal was made to delete the entire paragraph.]

90bis. The Conference also recognizes that attention needs to be given to the technological requirements of economies in transition of Central and Eastern Europe as they adapt their structures to the challenges that face them in the 1990s.

91. In support of the policies and measures aimed at promoting the transfer of technology and development of endogenous technological capabilities in developing countries, the Conference agrees that the following orientations should guide the evolution of the work programme of the UNCTAD secretariat:

(a) Research and policy analysis should address in depth technology issues in their interrelationship with trade, [services] investment and finance. This work should cover the role of entrepreneurship in the transfer, development and management of technology, including the policies affecting the development of entrepreneurial capabilities in developing countries; the role of effective intellectual property protection in the transfer of technology and the development of an indigenous technological capability; new modalities for harnessing technology flows to developing countries, through tax incentives, investment guarantees, concessional credits;

means for strengthening co-operation in the field of R & D activities among countries, particularly between developed and developing countries, and also among enterprises; challenges and opportunities for transfer of technology to and from countries with economies in transition, in countries of Central and Eastern Europe inter alia in the context of conversion of the military sector.

[(a) bis : "Research and policy analysis should deal with the needs of those developing countries who lack the basic technological infrastructure. UNCTAD should explore ways and means to support the efforts of these countries through inter alia technical assistance and financial support, on concessional terms."]

(b) Research and policy analysis should also focus on the process of transfer to developing countries - and development in those countries - of environmentally sound technologies, exploring the various possibilities of enlarging their access to such technologies. This work should include providing assistance in identifying linkages between technology, trade, and sustainable development and areas in which the application of environmentally sound technologies could have a positive impact on competitiveness, as well as in the formulation of measures and policies to ensure favourable access to environmentally sound technology and its transfer, adaptation and generation in developing countries. In particular, it should: (i) examine with the enterprise sector which are the best conditions and incentives to develop non-polluting and resource-efficient technologies and to transfer them to developing countries; (ii) assist developing countries in setting up a scientific, economic and legal framework to promote these technologies on an endogenous basis; (iii) foster cooperative efforts between public authorities and private companies, in particular for the development and diffusion of basic technologies able to address essential environmental problems, particularly those of concern to developing countries.

(c) Development co-operation activities in support of developing countries should be strengthened in order to enhance their technological capacities. In this respect, the UNCTAD secretariat should co-operate with the interested governments in the implementation of the policies and measures listed above. Priority consideration should be given to the preparation of an assessment of developing countries' requirements for building up their capacity to evaluate, select, negotiate, acquire and develop technology; to programmes for the training of human resources, including on the formulation of sound technology policies and on the development of technical and managerial capabilities; and to the transfer, adaptation and generation of environmentally sound technologies.

(d) The Conference expresses its appreciation for technical assistance provided by the Advisory Services on Transfer of Technology (ASTT) of UNCTAD [and calls upon governments and financial development institutions, in particular UNDP, to increase their financial support to ASTT, in order to enable it to provide effectively the necessary assistance in the technology field.]

[Alternative proposal on section C

1. Unified structure for national and international policies and measures.

2. Draft text proposed for paragraphs 81 to 90 (paragraphs 88 and 89, and last sentence of para 84 are additional and should follow):

The Conference recognized the developmental priority of the access to and transfer and development of technology, and therefore recommended that emphasis be put on policies and measures that promote technological innovation in developing countries, including the provision of substantial financial resources.

The Conference, therefore, stressed that trade and technology policies should assure unhindered access of developing countries to critical, high, new and emerging and state-of-the-art technologies. The Conference

agreed that restrictions on the transfer of advanced technologies to developing countries for political reasons should be avoided.

The Conference also stressed that national technology development policies should be introduced in the context of an appropriate macro-economic policy framework which would promote entrepreneurship and encourage technology transfer through foreign direct investment and provide incentives for investment in technology capacity-building, including R&D.

The Conference, therefore, recommended the concession of incentives for the transfer of technology to developing countries. Such measures could include, inter alia, public guarantee schemes to promote, on a commercial basis, joint ventures, licensing agreements and R&D collaboration agreements. Incentives for improving the co-operation between enterprises and scientific and technological institutions of developed and developing countries should aim at promoting R&D activities in areas of interest to developing countries.

The Conference also agreed that the international community should provide adequate financial resources, on affordable terms, to finance R&D and skill formation in developing countries, including the import of foreign technological inputs as a complement to local technological efforts. Multilateral and international financial institutions should be encouraged to establish lending facilities for the acquisition of technology by developing countries.

The Conference stressed that the international community should actively support developing countries' efforts to create and develop the infrastructure, skill and knowledge base necessary for the acquisition, adaptation and generation of environmentally sound technologies. Assured access to the best available or those technologies should be provided. Modalities for a favourable financing of the transfer of those technologies should be examined, including on concessional and preferantial terms.

The Conference also urged developed countries and international organizations to support and fund co-operative programs and projects among developing countries, including their regional groupings. The establishment of common institutions and centres for research and training, the promotion of joint education programmes in science and technology and the exchange of information should be pursued. Science and technology must be given a prominent place, as well as the technical training of cadres. Joint ventures and R&D collaborative arrangements could enhance the possibilities of access to foreign technologies and the promotion of foreign direct investment and transfer of technology.

3. Draft amendment to para 91(a), second sentence:
This work should cover a revision of the conditions of access to technology by developing countries and the proposal of measures to improve such access with a view to facilitating the international transfer of technology; an assessment of the impact on developing countries of the international legislation on intellectual property resulting from the Uruguay Round, particularly in the area of access to technology;

4. Include proposal contained in paragraphs 44 of the Teheran platform.]

## D. Services

[1. Assessment[11/]

[92. The 1980s witnessed significant growth in the importance of the services sector in national economies and in international trade. Producer services, in particular, emerged as a highly dynamic segment of the world economy and as a major determinant of productivity and competitiveness. The strategic significance of services for the development process is increasingly recognized. Developed-country firms dominate world trade in services, while most developing countries have not been able to build up a competitive capacity, or to overcome barriers to entry to world markets. The increased participation of developing countries in trade in services would enable them to benefit from their comparative advantage in a number of service sectors and would contribute to increased efficiency in the world economy.]

[93. There are differences in the contribution which services can make to the trade of developing countries. A growing number of developing countries are now in a position to develop exports of services in a range of areas. Some are dependent on the export of services for their foreign-exchange earnings. For others, strengthening the services sector is crucial to enhance their position in international trade in goods. Many recognize the need to formulate specific national strategies to strengthen their services sectors and to increase their foreign-exchange earnings therefrom.]

[94. The multilateral agreement for trade in services emerging from the Uruguay Round should provide a framework for a progressive liberalization of world trade in services which would enlarge the participation of developing countries by expanding their access to markets for services. In order to enable developing countries to benefit from the liberalization of trade in services,. concerted action is required to strengthen the capacity of their services sector. In particular, the establishment of adequate infrastructure, improved access to information networks as well as to the emerging technologies, and progress in human resource development are necessary to enhance the contribution of the services sector to the development process.]

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11/ See footnote 1.

95. The Conference, recalling paragraph 105(19) of the Final Act of UNCTAD VII, agrees to the measures and action on national and international policies set forth in the following section. [The Conference also recognizes the important contribution of the private sector in the development of competitive service industries. In particular, transnational corporations often facilitate job creation, human resource development, technology transfer, infrastructure development and expansion of export capacity and capabilities.]

2. Measures and action

(a) National policies

96. The Conference agrees that developing countries should [formulate integrated strategies] [pursue policies to create the appropiate conditions] for the development of their national services sectors [and, in particular, of indigenous producer services.] Such [strategies should] [policies could] include, inter alia, the following elements:

(a) modernization and expansion [of necessary infrastructures and infostructures in particular] [and competition] of telecommunication infrastructures [and of financial services].

(b) human resource development, including through on-the-job training arrangements, and development of knowledge-intensive services;

(c) [measures to encourage [investment and cross-border trade by] transnational firms in the services sector in order to contribute to objectives such as the transfer of technology, training, the strengthening of infrastructures [domestic capital formation] and access to information networks and distribution channels, [as well as to meet their services requirements from domestic suppliers in developing countries;]]

(d) [the liberalization of the services sector and] the formulation of strategies [to improve the domestic services capabilities] and for internationally competitive services;

(e) enhancing co-operation with other countries at the regional and subregional levels, including mutual trade liberalization, pooling capabilities to improve skills and infrastructures for the promotion of exports from their countries, [and making more efficient use of extraregional sources of imports];

(f) improving the governmental infrastructure to support effective participation in negotiations on services at the regional and multilateral levels.

(b) International policies

[97. The Conference agrees that the member states concerned and the relevant international organizations should support the national strategies of the developing countries by concerted action in the following areas:

[The Conference agrees that all national governments should be encouraged to support multilateral progressive liberalization for trade in services, in order to promote economic growth and foreign direct investment and expand world trade in services. The Conference agrees that the international community should be encouraged to continue support of:]

(a) [multilateral commitments and] concerted policy actions, including the provision of financial assistance on concessional terms, to promote training, as well as acquisition and transfer of technology [on a commercial basis] to build up their technological and human capabilities and to construct and/or improve basic services infrastructures, including subregional and regional transportation particularly in low income countries and LDCs;

[(b) providing effective and preferential market access for the services exports of developing countries, including through the temporary movement of labour for the supply of services;

(c) facilitating effective access and participation for developing-country services suppliers to information networks and distribution channels;

(d) commitments by developed countries to provide enhanced ODA and credit lines on soft terms for the financing of services infrastructures in developing countries, particularly in low-income countries and LDCs;

(e) establishing information networks relating to the registration, recognition and acquisition of professional qualifications, to the commercial and technical aspects of the supply of services and to the availability of services technology.]

[97. The Conference agrees that all national governments should be encouraged to support [progressive] multilateral liberalization under the GATT for trade in services, in order to promote economic growth and expand world trade in services.]

[98. UNCTAD should [act as a forum for the promotion of mutually beneficial international co-operation] [continue its useful work], in cooperation with other United Nations Organizations dealing with services in the field of services so as, inter alia, to help developing countries overcome their handicaps in this sector, increase their international competitiveness [and their share of exports in world trade] in services, promote environmentally friendly services and enhance the contribution of services to their sustainable development. [UNCTAD should study, analyze, and consider specific modalities to ensure an increasing participation of developing countries in trade in services including effective market access for services exported by suppliers of developing countries on a preferential basis.] Due attention should also be given to the problems of services in countries in transition of Eastern and Central Europe and increasing their participation in international trade in services.]

[98. UNCTAD should continue its useful work in the field of services under its existing mandate as contained in paragrah 105(19) of the Final Act of UNCTAD VII.]

[99. The Conference agrees that the following orientations should provide the focus for the evolution of the work programme of the UNCTAD secretariat:

(a) the role played by the services sector in the development process and, in that context, the design of strategies to strengthen this sector in the developing countries, including issues relating to production and export capacity;

(b) services trade issues, with particular emphasis on the need to increase the developing countries' share in world trade in services and to remove the obstacles faced by the developing countries in their export of services;

(c) measures to facilitate developing countries' access to information networks and distribution channels for services;

(d) consultations and possible intergovernmental agreements for improving or protecting the functioning of the services markets, including control of anti-competitive practices;

(e) measures aimed at strengthening the institutional, technolgocial and telecommunications infrastructure of the developing countries, including the incorporation into the services sector of new technologies that are of strategic importance for their development;

(f) increasing knowledge on legislation affecting the services sector and improving statistics relating to this sector;

[(g) ways and means of providing preferential market access for services exports from developing countries;]

(h) implementation of the results of the Uruguay Round negotiations on trade in services.

(i) problems and opportunities faced by the countries in transition of Eastern and Central Europe in integrating

services into their economies, as part of their structural adjustment programmes, with a view to increasing their participation in international trade in services, and identifying issues for international action;

(j) developments and trends in the various service sectors, with the aim of identifying sector-specific policy proposals to increase the participation of developing countries in trade in these sectors;

(k) technical co-operation, at the national, regional and multilateral levels, to support and assist developing countries in designing and carrying out service-sector strategies.

[(l) technical co-operation with those developing countries which lack the necessary infrastructures needed for the evolution and development of their national service sectors.]]

[99. In context of its existing mandate to analyze issues and appropriate problematics for trade in services, the Conference agrees that UNCTAD should focus its work program on:

(a) the role played by the services sector in the development process;

(b) increasing knowledge of legislation and regulatory regimes in developing countries;

(c) improving the statistical base for trade in services;

(d) problems and opportunities faced by the countries in transition in strengthening their services sector;

(e) other developments or trends in trade in services relevant to developing countries.]

[(c) Maritime transport

100. [For Contracting Parties] Resolutions and Conventions adopted under the auspices of UNCTAD that aim at a more equitable participation of developing countries in world shipping by recognizing the right of developing countries to participate in the carriage of their foreign trade remain the cornerstones of an international shipping policy based on the equality of all maritime partners. [Any instrument resulting from the Uruguay Round multilateral negotiations on trade in services should preserve the role of the United Nations Convention on a Code of Conduct for Liner Conferences as an international regulatory framework, as well as the achievements made over the past two decades in reconciling the different shipping objectives of the developed and developing countries.]

101. Structural and technological changes in the shipping sector have reduced effective participation in shipping by developing countries. It is consequently necessary that the appropriate domestic and international policy measures be taken, [concentrating on a transfer of technology to reduce the existing technology gap] and to increase the competitiveness of developing countries' ocean carriers. In order to reach this objective, UNCTAD and its technical bodies dealing with shipping matters should [elaborate the necessary international policy framework and propose sets of domestic policy measures allowing for a harmonious development of world shipping to the mutual benefit of all parties concerned.] [discuss ways to promote an increasing participation of developing countries on a fair and commercial basis in international shipping sector.] [ The validity and implementation of emerging development strategies should be subjected to a continuous process of scrutiny by the intergovernmental machinery of UNCTAD].

102. In order to allow for a comprehensive development approach, UNCTAD should provide technical assistance for the implementation of relevant decisions taken at the intergovernmental level. Furthermore, UNCTAD and other international organizations should provide technical and financial assistance for the implementation of the programme of United Nations Transport and Communications Decade for Africa as well as regional programmes, especially in the field of maritime transport, including

through the establishment of joint ventures in shipping services; harmonization of national shipping policies; documentation and procedures to facilitate maritime trade and manpower development in shipping, ports, and multimodal transport; [assistance in the establishment and implementation of bilateral and multilateral agreements between developing landlocked and coastal countries. Provisions should be made that major programmes promoting co-operation in the transport sector, such as UNCTAD's Advance Cargo Information System (ACIS) be incorporated in the regular work programme of UNCTAD.]. The international community and donor agencies are called upon to provide the necessary financial backing for such programmes, which are indispensable for the development of an efficient maritime transport sector in developing countries.][12/]

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12/ Proposals have been made to delete paragraphs 100, 101, 102.